

In the Matter of	)	
	)	CONSENT ORDER
NATIONAL UNION	)	LEVYING A FINE
FIRE INSURANCE COMPANY	)	
OF PITTSBURGH, PA	)	NO. D2000-86
	)	
	)	
Authorized Insurer.	)	

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FINDINGS OF FACT:

1. National Union Fire Insurance Company of Pittsburgh, Pa (“National Union”) is an insurer authorized to do property and casualty business in the State of Washington.
2. On June 21, 2000, Lee Barclay, Senior Actuary of the Office of the Insurance Commissioner (“OIC”) wrote a letter to Ron Gleason of National Union at the address the company listed with OIC, 160 Water St., 23<sup>rd</sup> Fl., New York, N.Y. 10038, requesting information with respect to National Union’s renewal of general liability and automobile liability coverage for Western Pioneer, Inc., including specified documentation, explanation of certain changes, and identification of filings relied upon.
3. Mr. Barclay’s June 21, 2000 letter specified that the inquiry was subject to the provisions of WAC 284-30-650, which requires a prompt response in writing, and quoted a portion of that regulation as follows: “A lack of response within fifteen business days from receipt of an inquiry will be considered untimely.” Mr. Barclay’s letter further noted that, pursuant to Technical Assistance Advisory T 98-4, a complete response to the inquiry was expected by the end of the fifteen-day period.
4. No response to the June 21, 2000 letter had been received as of August, 2000; on August 16, 2000, Mr. Barclay telephoned Mr. Gleason and learned that he had relocated from New York to Houston. Mr. Gleason stated that he had not received the June 21, 2000 letter although he could not provide any explanation for his lack of receipt.
5. On August 16, 2000, Mr. Barclay sent via facsimile transmission, a copy of the June 21, 2000 letter to Mr. Gleason in Houston at the number Mr. Gleason supplied.

6. Mr. Gleason left several voice mail messages for Mr. Barclay after August 16, 2000 stating that he was working on a response and would have it “tomorrow.” All voice mails were left prior to 6:30AM Pacific Time.
7. On September 28, 2000, Carol Sureau, Enforcement Attorney for the OIC, sent a letter and an enclosed Consent Order levying a \$10,000 fine on National Union for its failure to respond to Mr. Barclay’s June 21, 2000 inquiry within 15 business days, as required by WAC 284-30-650, to Mr. Gleason at his Houston office. The letter gave the company until October 23, 2000 to respond.
8. No response to the Consent Order or Mr. Barclay’s initial inquiry was received by OIC by October 23, 2000.
9. On October 25, 2000, Carol Sureau telephoned Mr. Gleason, who was not available. She left a voice mail message on his machine asking about the company’s response to the Consent Order and mentioning the October 23, 2000 deadline. She received no response.
10. On October 26, 2000, Carol Sureau telephoned Mr. Gleason, who was not available. She left a voice mail message on his machine asking about the company’s response to the Consent Order. She received no response.
11. On October 27, 2000, Carol Sureau telephoned Mr. Gleason, who was not available. She left a voice mail message on his machine asking about the company’s response to the Consent Order. She received no response.
12. On October 30, 2000, Carol Sureau received a facsimile transmission containing Mr. Gleason’s response to Mr. Barclay’s June 21 inquiry. There was still no response to the September 28, 2000 Consent Order.
13. On October 31, 2000, Carol Sureau telephoned Mr. Gleason, who was not available. She left a voice mail message on his machine asking about the company’s response to the Consent Order.
14. On November 1, 2000, Mr. Gleason left a voice mail message for Carol Sureau stating that he was sending the Consent Order to the New York office for signature.
15. Carol Sureau telephoned Mr. Gleason again in November, 2000, but he was not available. She left a voice mail message on his machine asking about the company’s response to the Consent Order.
16. On November 6, Carol Sureau received a voice mail message from “Christine” of AIG’s consumer complaints department. “Christine” did not leave her surname and the phone number left was impossible to comprehend. Finally, by listening to the voice mail message several times, Carol Sureau was able to decipher all but one of the necessary digits. By dint of repeated

dialing using first one, then two, and so forth, Carol Sureau reached a telephone in an empty AIG conference room which was answered by a Human Resources person passing by. Ms. Sureau informed the person of the situation and asked that she inform the legal department of the problem.

17. On November 8, 2000, Mr. Adam Reed of the AIG Legal Department telephoned Carol Sureau.
18. Mr. Reed was very cooperative and responsive and with his constant involvement and assistance, the information Mr. Barclay had requested was finally obtained from Mr. Gleason on December 14, 2000.

#### CONCLUSIONS OF LAW

1. National Union's failure to respond to OIC's June 21, 2000 inquiry within fifteen business days of receipt violated WAC 284-30-650.
2. National Union's failure to respond to OIC's September 28, 2000 communication within fifteen business days or, at the latest, by October 23, 2000, violated WAC 284-30-650.
3. RCW 48.05.185 authorizes the Commissioner to impose a fine in lieu of the suspension or revocation of a company's certificate of registration.

#### CONSENT TO ORDER

The Commissioner has offered a settlement in lieu of suspending or revoking National Union's certificate of authority. National Union hereby consents to the entry of this Consent order and admits to the foregoing Findings of Fact and Conclusions of Law. National Union acknowledges its duty to comply fully with the applicable laws of the State of Washington. By agreement of the parties, the OIC will impose a fine of \$30,000 on National Union and suspend \$10,000 of that fine on condition that:

1. National Union pay \$20,000 of the fine within 30 days of the date of entry of this Order;
2. AIG send the documents attached hereto as Exhibits 1 and 2 to all relevant employees.
3. National Union commit no further violations of the regulation that is the subject of this Consent Order for a period of two years from the date on which this Order is entered.

This fine must be paid in full within thirty days of the date of entry of this Order. Pursuant to RCW 48.05.185, failure to pay the fine or to fulfill the stated conditions within the allotted time shall constitute grounds for recovery of the full fine, including the suspended portion, and for revocation of National Union's certificate of authority in a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the State of Washington.

EXECUTED and AGREED this 10th day of January, 2001.

NATIONAL UNION FIRE INSURANCE  
COMPANY OF PITTSBURGH, PA

Title: \_\_\_\_\_

Signed: \_\_\_\_\_

ORDER

Pursuant to RCW 48.05.185, the Insurance Commissioner hereby imposes a fine of Thirty Thousand Dollars, with Ten Thousand Dollars suspended, upon National Union. Twenty Thousand Dollars of this fine must be paid in full within thirty days of the date of entry of this order. Failure to pay the fine or to fulfill the stated conditions shall constitute grounds for recovery of the full fine, including the suspended portion, and for revocation of National Union's certificate of authority in a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the State of Washington.

ENTERED AT OLYMPIA, WASHINGTON, this 17th day of January, 2001.

DEBORAH SENN  
Insurance Commissioner

By: Carol Sureau  
Carol Sureau  
Deputy Commissioner, Legal Affairs  
Office of the Insurance Commissioner